



Employer Exchange

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Treatment of Payments Made to Employees on Active Duty

Supplemental payments made to employees that have been called to active duty are not considered creditable compensation and should not be reported to the Railroad Retirement Board (RRB). Payments made to supplement the difference between the employee's military pay and regular earnings are considered gratuities under the Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA). Similarly, employers should not pay or withhold RRTA taxes against these payments.

Employees may receive service month credit under the Acts if the active duty period is during a national period of emergency, but the employee must otherwise meet the eligibility requirements to receive credit for military service. Employees can now file proof of their military service with the local field office in advance. If the RRB determines the military service to be creditable it will reflect on their next Form BA-6, Certificate of Service Months and Compensation.

Coming Soon: New RUIA Appeal Form for Employers

Under the RUIA, a base year employer may contest the benefits paid to an employee. Employers currently use the Form HA-1 entitled, "Appeal Under the Railroad Retirement Act or The Railroad Unemployment Insurance Act" which was designed for appeals by employees.

The RRB recently proposed Form HA-1 EMP entitled, "Base Year Employer Appeal Under the Railroad Unemployment Insurance Act" that will be used by employers. That form is currently being developed. Due to the small volume of appeals by employers, the new form will only be available on the Board's web site. We will notify employers when the Form HA-1 EMP is finalized and officially ready for use. Until then employers should continue to file appeals on the current Form HA-1.

Revised ID-40R/S (Annual) and ID-40Q (Quarterly) Notices under the RUIA

The RRB has revised the ID-40R (Annual), ID-40S (System Notice) and the ID-40Q (Quarterly) notices sent to employers covered under the RUIA. The revised notices now provide each employer with a detailed breakdown of how their employer contribution rate for RUIA is determined and provides the employer with a list of the combined activity of all subsidiary employers. The former notices only provided employers with their contribution rate and balances.

In addition, the revision combines the former ID-40R notice entitled, "Annual Notice to Employers – Railroad Unemployment Insurance Act" and the former ID-40S notice entitled, "Annual Proclamation – Railroad Unemployment Insurance Act" notices into one document now referred to as the ID-40R/S.

The new ID-40R/S notice notifies employers of their RUIA contribution rate to be used during the period of January 1 through December 31, 2005 and will be introduced and mailed by October 15, 2004. The new ID-40Q, which covers the quarter from April 1, 2004 thru June 30, 2004, will be introduced and mailed by September 30, 2004.

Return to Railroad Service

Annuitants who return to work for employers covered under the RRA are not entitled to retirement annuities from the RRB. If you are incorrectly crediting former employees with service for pay in lieu of vacation, back pay or any payment not associated with actual work or a negotiated agreement, you may be subjecting them to overpayments. Compensation can be credited to an employees account when paid, regardless of when the employee retires or resigns. However, service months must be credited when the service is performed. No additional service months can be credited to an employee's earnings record after the employee actually stops working and relinquishes his/her rights to work for your company. If service has been reported for your former employee after his /her retirement annuity began you will receive a Form GL-132, Notice of Service Reported for Annuitant Who is Receiving an RRB Annuity.

This form will help us determine whether the service was credited properly. Please help us reconcile these records by completing and returning this form to our office within 30 days.

Changes to Employer Coverage Status

If your organization has experienced changes in ownership or operations that may affect its coverage status (i.e.: acquisition, merger, corporate dissolutions) please notify the RRB as soon as possible. RRB regulation (20 CFR 209.5) states, it is the duty of each employer to promptly notify the Board of any changes that may affect its coverage status under the Acts. Any coverage changes or issues should immediately be address to the Chief of Audit and Compliance at (312) 751-7120.



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Third Class

